

Department for Medicaid **Services**

DISPROPORTIONATE SHARE HOSPITAL (DSH) PROGRAM MANUAL

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Department for Medicaid Services

DISPROPORTIONATE SHARE HOSPITAL PROGRAM (DSH)

DSH is a program of hospital care, for Kentucky's indigent citizenry provided by Kentucky hospitals participating in the Kentucky Medicaid Program.

For the purposes of DSH, a minor child is an individual:

- (a) Under the age of twenty-one (21) living with a parent;
- (b) Under the age of eighteen (18) living with a legal guardian in the same household; or
- (c) Meeting one of the criteria established in (a) or (b) of this subsection attending college or a similar type of higher education facility.

A minor parent is an individual under the age of twenty-one (21) who has a minor child.

Self-support means a demonstration by the minor child that he is paying more than fifty (50) percent of his living expenses. For example, proof of wages versus expenditures for living expenses.

Eligibility Requirements for DSH.

For the purpose of determining eligibility for DSH, a family unit is comprised of the following:

- (a) Parents, stepparents, their minor children and stepchildren living in the same household;
- (b) Unmarried couples who have at least one (1) minor child in common and siblings of that child living in the same household;
- (c) A child under age eighteen (18), legal guardian and the legal guardian's family living in the same household;
- (d) A minor child who is also a minor parent and who lives with his parents is included in the family unit along with his child;
- (e) A minor parent, his child and the child's other parent, regardless of their marital status, living in the same household shall be considered a separate family unit from any other family unit in that household; and
- (f) A minor child living with a grandparent comprises a family unit and the grandparent comprises another family unit.

For an individual or family unit to be DSH eligible the following requirements must be met:

- (a) The individual or family unit must be a resident of Kentucky. A transient individual traveling through but not residing in the state is not eligible for DSH;
- (b) The individual's or family unit's income cannot exceed 100 percent of the official poverty income guidelines as promulgated by the Department of Health and Human Services, United State Government, and revised annually;

- (c) The individual or family unit must be encouraged to apply for Medicaid at the local Department of Community Based Services (DCBS) office if potentially eligible; and
- (d) Except for Medicaid recipients receiving additional days of coverage per hospital stay, a potential DSH recipient receiving services on or after July 15, 1994 shall be required to apply for DSH benefits by not later than thirty (30) days from the date of service or notification by the hospital of potential DSH eligibility, whichever is later.

Exclusions from Eligibility.

The following individuals are not eligible for coverage under DSH:

- (a) An individual within a correctional system, including an inmate of a jail or prison;
- (b) An individual in the custody of a unit of government which is responsible for coverage of the acute care needs of the individual;
- (c) With the exception of a child specified in 907 KAR 1:012, Section 2, a Medicaid recipient who has been decertified by the Peer Review Organization (PRO) for not meeting psychiatric level of care or medical necessity under EPSDT Special Services in accordance with 907 KAR 1:034;
- (d) An individual who is covered by health insurance, including Part A Medicare. The hospital is responsible for determining if health insurance coverage exists. Policies which provide for a fixed number of dollars per day of hospitalization are not considered to be health insurance in a DSH eligibility determination.

Eligibility Periods.

A single determination of eligibility is considered to be sufficient for a period not to exceed six (6) months. A retroactive determination of eligibility will be completed for inpatient hospital stays, and major or minor outpatient procedures or services for any period of time preceding the month of application.

Income Considerations.

Eligibility shall be determined by comparing the family unit's (or that of the individual not living with other family members) total annual gross income to the poverty income guidelines for the appropriate family size. In comparing the family unit's total annual gross income to 100 percent of the official poverty income guidelines, the following policies will be applied:

- (a) The amount determined by multiplying by 4 the patient's or family unit's income, as applicable, for the 3 months preceding the month the services were provided.
- (b) Hospitals may require submission of tax returns, pay stubs, employer statements, and similar documents to verify income;
- (c) Upon verification that income will increase or decrease, the anticipated income will be used;
- (d) The gross income or adjusted gross income for self-employment will be used; the adjusted gross income will be determined by allowing work expense deductions that are directly related to producing the goods or services and without which the goods

- or services could not be produced;
- (e) Income of all family unit members, including ineligible members, will be considered and compared to the appropriate DSH family size;
- (f) Parental income will not be considered in eligibility determinations for children age twenty-one (21) or older. If the child, regardless of age, is not living with the parent or is attending college or a similar type of higher education facility, parental income will not be considered;
- (g) A legal guardian's income will be considered in determining eligibility for children living in the same household as the legal guardian until the child reaches the age of eighteen (18);
- (h) A grandparent's income will not be considered for grandchildren living with the grandparent unless the grandparent is the legal guardian; and
- (i) Income from a common law spouse living in the same household will be considered. (Common law marriages will be recognized if that marriage was recognized in other states or the couple has held themselves out to that community as married.)

Resource Considerations

The following provisions will be applicable with regard to the computation of allowable resources:

- (a) The following upper limits for liquid assets (cash or assets readily convertible to cash including checking accounts, savings accounts, stocks, bonds, and similar financial instruments) will be applicable: \$2,000 for an individual; \$4,000 for a family size of two (2); and fifty (50) dollars for each additional family member;
- (b) A homestead, household goods, and personal property including jewelry, clothing, and other items of a personal nature are excluded from consideration;
- (c) Equity of \$6,000 in income producing non-homestead real property, business or non-business, essential for self-support are excluded from consideration;
- (d) Equity of \$4,500 in automobiles are excluded from consideration;
- (e) Burial reserves of up to \$1,500 per individual, burial spaces including the plot, casket, vault, and items of a similar nature, and irrevocable prepaid burial plans, contracts and burial trusts are excluded from consideration;
- (f) The value of excludable assets in excess of excluded amounts are added to liquid assets for comparison against the liquid asset upper limits; and
- (g) Other assets not excluded or within the upper limits are added to liquid assets for comparison against the liquid asset upper limits.

Resources above the allowable amounts will result in ineligibility for benefits under DSH, but only to the extent that liquid resources exceed the allowable upper limits. This means that liquid resources can be reduced by incurred medical expenses to establish eligibility. For example, if an otherwise eligible individual with \$2,300 in liquid assets is hospitalized, he will become eligible for DSH coverage after receiving \$300 in billable services.

Verification Requirements

Except as specified above, the Cabinet will require verification in accordance with the following in eligibility determinations (although verification of residency may be requested in questionable situations):

- (a) Income verification for all family unit members will be required for inpatient hospital admissions and major outpatient procedures or services;
- (b) Verification will be required every six (6) months, or more frequently at the option of the hospital, unless the family unit's income has increased;
- (c) If the family unit's income has increased, the hospital may require verification of income if the newly reported income exceeds the DSH income limits;
- (d) If the family unit alleges zero income, verification may be waived;
- (e) Income and resource verification may be waived at the option of the hospital for minor outpatient procedures or services;
- (f) Self-support verification for children under age twenty-one (21) not living with parents and who attend college or a similar type of higher education facility will be required; and
- (g) Applicants for DSH benefits must provide requested information within ten (10) days.

Medicaid Covered Services

If an individual or family unit is subsequently approved for Medicaid benefits during a period of DSH eligibility, the hospital may bill the Medicaid Program in accordance with Medicaid policy established in 907 KAR 1:013, 907 KAR 1:815 or 907 KAR 1:015 provided the hospital reports the DSH adjustment prior to billing the Medicaid Program. For Medicaid spend-down eligibility any hospital expense attributed to the individual's DSH eligibility will not be considered as an incurred cost in determining Medicaid spend-down eligibility.

Fair Hearing

An applicant may request a fair hearing on his DSH eligibility determination within thirty (30) days of the denial or approval date. Each hospital will be responsible for conducting hearings to determine if DSH eligibility was determined correctly and for correcting any errors in DSH eligibility which have been made. The hearings must be conducted within thirty (30) days of the date of the hearing request by impartial hospital staff not involved in the DSH eligibility determination. During the hearing, the appellant must be provided an opportunity to review evidence against him, to cross-examine witnesses against him, to present evidence in his behalf; and to be represented by counsel.

Hospital decisions regarding the hearing must be rendered within fourteen (14) days of the hearing and a copy of the decision provided to the DSH applicant and the Department for Medicaid Services. The hearing process may be terminated at any time a corrected decision of DSH eligibility is made in favor of the potential DSH recipient with appropriate notice of DSH eligibility and termination of the hearing process required. Further appeal may be to the local court having jurisdiction.

If a hospital contests medical necessity before or after the fact for a DSH eligible person or

for a Medicaid recipient with regard to additional days of inpatient coverage, the Medicaid PRO shall be contacted by the hospital for a determination of the appropriateness of the service using Medicaid standards of medical necessity. The decision of the PRO is binding upon the hospital for DSH purposes. It is the PRO's responsibility to advise the hospital, the DSH or Medicaid recipient, and the recipient's physician, in writing, of the PRO's decision. If the DSH or Medicaid recipient is dissatisfied with the decision of the PRO, he may appeal the decision in accordance with 907 KAR 1:563.

Benefits

DSH eligible recipients will receive any necessary days of coverage for hospital stay as specified in KRS 205.640. DSH recipients, including individuals with a pending DSH application, shall not be billed for hospital services provided by Medicaid participating hospitals in accordance with KRS 205.640.